

OGC Has Reviewed

12 April 1973

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Conflicts of Interest

1. This memorandum is for your information.

2. Following is the text of the two paragraphs in our Conflicts of Interest regulation [REDACTED] which applies to former employees:

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(4) He may not, after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and in which he participated personally and substantially for the Government. (18 U.S.C. 207(a)).

(5) He may not personally represent, for one year after his Government employment has ended, anyone other than the United States in connection with a matter in which the United States is a party or has an interest and which was within the boundaries of his official responsibility during the last year of his Government service (18 U.S.C. 207(b)). This temporary restraint of course gives way to the permanent restriction described in subparagraph d(4) immediately above if the matter is one in which he participated personally and substantially.

The statutes cited in these regulations are designed to prevent former Government employees from representing outside parties in claims against the Government concerning matters with which the employee was involved during the term of his employment.

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2. We know of no representation of [REDACTED] undertaken by Mr. McCone in his conversations with the Director or of any issue between [REDACTED] and the Government in which Mr. McCone intervened as representing [REDACTED]. So far as we are aware, Mr. McCone was asking the Director for an appointment for [REDACTED] to have an exchange of views on the Chilean situation. This does not appear to be a violation of the statutes involved or of our regulations. 25X1A

3. We are also subject to Executive Order 11222 of May 11, 1965, as amended by Executive Order 11590 of April 22, 1971, entitled "Prescribing Standards of Ethical Conduct for Government Officers and Employees." Part III of the Order applies to "special Government employees," which term includes intermittent consultants, such as Mr. McCone. This part basically was directed against the use of a consultant's public office for private gain. The broadest provision is in Section 304 of Part III:

Sec. 304. An adviser, consultant, or other special Government employee shall not use his position in any way to coerce, or give the appearance of coercing, another person to provide any financial benefit to him or persons with whom he has family, business, or financial ties.

As in the rest of the Executive Order, this treats the appearance of conflict as seriously as the actual conflict. As part of our processing of consultant contracts, we give this part of the Executive Order in full to the consultant for his information and guidance.

4. In Mr. McCone's case, again I am not aware that he actually did anything as a consultant to coerce any person to provide any financial benefit to him or to persons with whom he had business or financial ties. Whether his conversation gave the appearance of such coercion is a matter of interpretation and judgment. My opinion is that he did not give such appearance, even though his intercession while in his dual role might be regarded as poor judgment.

5. Another control we have on conflicts of interest is contained in our Handbook of Required Regulatory Readings [REDACTED] which all supervisors are required to circulate annually for reading by all employees under their supervision. This, in turn, derives from [REDACTED], which has a general statement of the principles of conflicts of interest. At present neither [REDACTED] refer to the conflict-of-interest restrictions on consultants. I am requesting that action be taken to have both of these publications cross-referenced to the Executive Order provisions in this regard.

6. In view of the detail and tightness of the restrictions on conflicts of interest, particularly in the Executive Order, I would be reluctant to raise any additional bars to contacts with former employees who move into the private sector. In many cases, such former employees are in a position to introduce us to business or other associates who can furnish useful intelligence in line with our program of obtaining foreign intelligence from domestic sources.

7. I do think it would be appropriate to develop further guidelines and to clarify existing regulatory material to assure that employees are aware of the precautions they must take in dealing with former employees and consultants. In general, it will provide that employees are responsible for assuring that the dual capacities of former employees and consultants are not used improperly to promote in any way their private or business interests or reflect on the integrity of the Agency's mission. We are undertaking a rewrite of the Required Regulatory Readings concerning employee conduct and of the regulations to assure a more complete and clearer set of instructions to employees in the whole field of conflicts of interest.

[REDACTED]
LAWRENCE R. HOUSTON
General Counsel

OGC:LRH:jeb

cc: DDO

DDM&S

Legislative Counsel

Inspector General

C/WH

WH [REDACTED]

Director of Personnel

DDM&S/Regulations Control Branch

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